

CITY'S DEBTS MAY HALT PROSPERITY

Increasing Taxes and Overconservative Appraisals Hold Back Realty's Revival

By LAURENCE MCGUIRE,
President of the Real Estate
Board of New York.

During the past two years the country has been enjoying the greatest era of prosperity in its history.

To what extent has New York city real estate shared in this unprecedented prosperity? Real estate, it is contended, is the last form of wealth to feel depression and the last to recover. The question naturally arises, as to whether or not it has entirely recovered from the conditions of three years ago. I would say that the recovery has been only partial and in no wise proportionate to other branches of investing and speculative business. There is now and has been abundant mortgage money. Soon there must be even more to be invested. This would ordinarily mean an active speculative market. But until appraisers generally are willing to take a more optimistic view of New York's real estate future there can be no pronounced activity.

Renting conditions have never been better than this fall. There is a great demand for office space. There never has been greater demand for living apartments.

With ample mortgage money and with most properties well tenanted, what is the obstacle to a sound and active market? There is no doubt that the conservative investor is more frequently concerned with the future than with the present. It is wiser to portray even an unpleasant future than to continue to abide in a fool's paradise.

The funded debt of the city has reached the enormous total of \$1,389,139,561.11, exclusive of revenue bonds, an increase of \$58,000,000 in the past ten years and greater than the national debt by \$100,000,000. This debt is constantly increasing. The increase in the cost of city government may perhaps be best understood by going back ten years. At that time the total budget for the greater city was \$118,450,552.08. In 1917 the debt service alone reaches the alarming total of \$58,522,250—all of which is for interest, and the total budget without a direct State tax for which last year the city paid approximately \$1,000,000, is \$21,000,000. Realizing that the tax burden on real estate has more than doubled in approximately ten years, it is possible that investors are looking ten years into the future and seeing a tax rate of 4 per cent, or even higher. This is a reasonable expectation if it is fair to judge the future by the known past.

The real estate board is determined to make every effort to induce the legislature to enact some form of tax measure which will equitably distribute the obligation of all classes and kinds of wealth will be required to pay by way of tax the cost of maintenance of the State and city government. It is believed that a 2 per cent. of the fair taxable value is the maximum which owners of real property should be called upon to contribute. Consequently the first duty which real estate organizations owe is a well planned, aggressive campaign to impress upon the legislature the necessity for prompt action at its coming session.

That present assessed valuations can be sustained is doubtful. The tentative assessed values for 1917 are not final. It may be that many millions will be taken off in any event nothing can be added. The tentative assessed value for 1917 is \$7,825,875,556, or \$1,405,837 more than the final assessed value for 1916, but \$2,382,808 less than the tentative value for 1916.

It is reasonable to deduce from this that the first and most vital impediment to an active real estate market is not only the increasing tax rate but the constantly increasing permanent debt of the city, which is a first charge or lien against all real estate.

It is intimated that the Board of Estimate is preparing to authorize an appropriation of \$1,500,000 to build the new circular court house for New York county. The acquisition of the site for the purpose for which it was intended to be used is the greatest and most unprofitable evidence of government extravagance that has ever been perpetrated upon the city. Money does not have to go back very far to realize that but for the extravagance of the community would have been up in arms over the wholly unnecessary extravagance. The taxpayers and the public at large are somewhat entitled to sleep with a light conscience in the face of the fact that the attempt is made to smear over this terrible and unprofitable blunder with further appropriations.

Reading today the history of Collect Pond, one gifted with any foresight can see a history of the Collect Pond Court House written twenty years from now. If the proposition is adopted as the story of the most wasteful and unprofitable extravagance ever perpetrated upon the city. It seems strange that taxpayers have such short memories. In connection with the proposed building of this Court House the cost of the Hall of Records and the Municipal Building is forgotten. It is stated by the Comptroller in 1910 that it would cost about \$10,000,000 to construct the Municipal Building and that the city would save \$1,000,000 yearly in rent. Completed land and building actually cost \$21,000,000, and the city is now paying in rent the same amount that was being paid to private owners when the proposal to erect the Municipal Building was under consideration. It is well to consider now the estimated cost.

The abnormally increasing funded debt of the city, the tax rate constantly increasing, are primarily the causes militating against an active and strong real estate market. I firmly believe it is within the power of the taxpayers to remedy this, at least in so far as the tax rate is concerned. When the cost of maintaining government is equitably distributed and only a fair and reasonable

PLENTY OF MONEY, BUT NO DEMAND

Lenders Prefer Old Buildings to New—Risks Very Much Less.

By EDWIN C. BENEDICT
of Charles F. Noyes Company.

There has been no marked change in the real estate mortgage situation for some weeks. Ordinarily with an abnormally large amount of money available for mortgage investments and little demand for it lenders would be offering to loan a large percentage of value than the customary 60 per cent. by accepting a lower rate of interest. This condition does not exist at the moment. There are undoubtedly in the business a condition of investors generally and particularly with mortgage investors.

Lenders are now as ever old properties because they realize older properties can

Brooklyn Dwelling Row Where Housekeeping Has Been Made Easy



About eight years ago Realty Associates built their first dwellings, which subsequently became known as "Easy Housekeeping Homes." They adopted that title and have built and sold over 350 houses of that general type. They have had many imitators and the name has become a familiar one. Realty Associates continue to build according to their original ideas of making "housekeeping easy" for families who do not want the bother of the servant problem.

Ninety per cent. of the buyers of these houses are Brooklynites, who knew where to locate when they were forced from other sections of the city by lack of space and neighborhood changes. Realty Associates have been anticipated in such wants. Their present operation is on Crown street, both sides, between Bedford and Rogers avenues. On that block forty-seven houses have been or are now being erected, and thirty-two of them are sold and occupied. Feeling that the automobile had come to stay, Realty Associates provided roadways fifteen and one-half feet wide in the center of the blocks, and many of the houses have garages in the rear with accommodations for two machines in each.

The location, on the southern slope of Eastern Parkway Heights, is one of the most central and accessible in the city. All of the Crown street buildings are twenty feet wide and the lots are 120 feet deep. The houses have all improvements, are built of fancy brick and stone, have front and rear porches, hot water heat and trim of special design. To encourage home buyers Realty Associates have always made reasonable terms.

be got on a very much better basis than new ones and with inflation of value thoroughly eliminated. Such loans on these older buildings represent largely ground value loans.

Most of these older buildings are now at the very lowest ebb of valuation. Therefore fairly liberal loans can be made on a perfectly safe basis, especially in cases where a provision is made that a portion of the money loaned is to be used for bringing the buildings up to date, so that they will meet with all of the requirements of the fire, factory and labor departments.

A mortgage investment covering one of the older buildings when based on a conservative valuation is, in my opinion, more secure than one based on a newly improved property. The depreciation of the security begins at once, while in the case of the older property the depreciation has already taken place and its modernizing brings it up to date. And it is a building that can readily be completely renovated at once, while in the case of the older property the depreciation has already taken place and its modernizing brings it up to date. And it is a building that can readily be completely renovated at once, while in the case of the older property the depreciation has already taken place and its modernizing brings it up to date.

TAXPAYERS UNITED FOR REALTY'S GOOD

Statewide Council Will Help Owners—Many Reforms Are Advocated.

By M. HORGENTHAU, JR.

We now know pretty definitely the forces which will control legislative and administrative measures in this State for the next few years. Therefore it is timely for the real estate interests to consider what measures of benefit to them may be undertaken with a reasonable promise of success. The real estate brokers, dealers and taxpayers are thoroughly alive to the situation. This is evidenced by the activity of taxpayers under the leadership of the Real Estate Association of the State of New York. The Realty Taxpayers Council of the State of New York has been formed as a result of these efforts and is expected to start work early in 1917. The plans thus far disclosed are thoroughly democratic and most comprehensive. The articles of incorporation express its objects as follows:

"To investigate, consider and report to organizations affiliated with this corporation and to members thereof upon matters affecting real estate in the State of New York with particular regard to legislative and administrative measures of statewide importance for the more economical conduct of State government, to develop an adequate and equitable system of taxation by constitutional amendment, legislative enactment and administrative reforms."

The council will be governed through an executive committee of twenty-five members, including some of the largest taxpayers in the State, and also representatives of the largest realty organizations.

I have been asked to say a few words

as to what may be expected as an outcome of these efforts; what is planned and what may be accomplished. In the first place, this is the first time in the history of the State that the large tax-paying interests have succeeded in forming a cohesive organization and put themselves in a position to exert a statewide influence. Those who have had any experience at Albany realize how important this is. They know there is nothing that will advance the interest of a legislator more than the pressure of constituents, and that nothing will arouse the legislative leaders and administrative officials more than a statewide demand for or against any particular measure. Such a force will now be at the disposal of real estate men of this State. If they use it wisely and intelligently they can bring about reforms which have been demanded for generations.

The most crying need is for a reorganization of our tax system. The Realty Taxpayers Council should be able to gather information as to the best possible method of distributing the tax burden in accordance with modern conditions. The information should be conveyed to the taxpayers and legislators and the experience of other States and countries placed at their disposal. It should also arouse interest in this subject throughout the State, and through the local organizations of real estate men and taxpayers it should create public opinion, which will force action by the Legislature.

Perhaps the most immediate effect of the statewide organization will be felt in intelligent scrutiny and criticism at Albany of all bills introduced in the Legislature. The Real Estate Board of New York has for some time examined and passed upon most bills affecting realty interests in the city of New York. This work will now be extended so that all sections of the State will have such a service, which is absolutely necessary in order to obtain intelligent action both on the part of the public and of the Legislature.

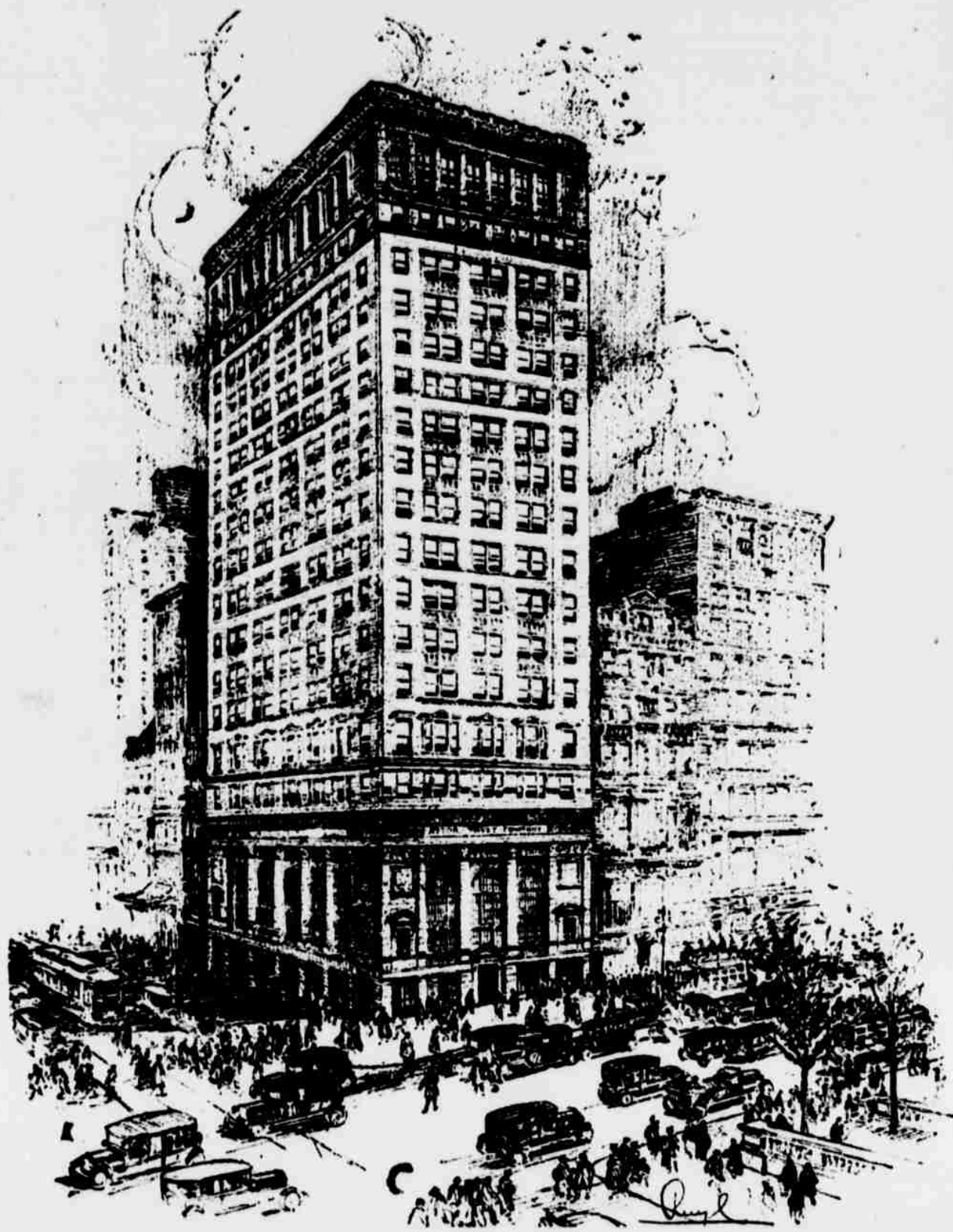
Besides taxation and legislation, the taxpayers through concerted action should be able to help each other to avoid the mistakes which have been made in so many communities in the past. A concrete illustration of this is city planning.

In conclusion let me say this work cannot succeed unless it is supported by taxpayers of all sections of the State. Brokers and dealers cannot do it alone.

Astor Trust Building

Fifth Avenue and 42nd Street—Southeast Corner

The Finest Corner of the Greatest City in the World



Civic duty demands that any building on this corner have beauty and strength and safety.

Economic duty requires a reasonable schedule of rents, abundant light and air for every tenant and a close attention to those details of equipment and personal service which add to the comfort and convenience of the occupants.

The tremendous advertising values of the corner necessitate a careful investigation of every applicant for space in order that those values may not be cheapened or abused.

All these requirements have been met successfully and the building is now two-thirds rented.

Inspection may be had after January 15, 1917, and possession will be given as early as possible, surely by May 1st, 1917.

NEW YORK RENTING OFFICE:

Room No. 1002 7 East 42nd St. Annex

Renting Agents in:

Boston.....Whitcomb & Company
Chicago.....Hall & Ellis
Cincinnati.....The Fred'k A. Schmidt Co.
Detroit.....The Stormfelters-Loveley Co.

Lawrence R. Elliman
W. Albert Pease, Jr.
Robert A. Gray, Jr.
O. DeLaurey, Carter
Herbert A. Wildman
Samuel J. Tankam
John Chase
Francis S. Baneroff
John P. Wengler
Lansing P. Wood

Pease & Elliman

165 West 24th St. 340 Madison Ave. 55 Liberty St.
Near Broadway. Near 43rd St. Tel. 6200 Murray Hill. Cor. Nassau St.

Real Estate & Insurance

Money to Loan on Mortgage

Appraisals and Management of Property our Specialty

Country Property For Sale or Rent

ESTABLISHED JULY, 1847

Bryan L. Kennelly

(INCORPORATED)

REAL ESTATE AUCTIONEER,
BROKER AND APPRAISER

156 BROADWAY

NEW YORK

Telephone Cortlandt 1547

Splendid 12% Investment

We have for sale a corner two blocks from Wall Street which can be purchased to earn 12 per cent. on the sum invested; only \$9,000 in cash required. Leased to one desirable (business established in the same building 24 years) tenant for 21 years on net rental basis. Tenant pays taxes, insurance and all repairs. A certain and splendid realty investment. Investigate.

Charles F. Noyes Co.

Real Estate Brokers

92 William Street

Tel. 2000 John